

## Luxembourg

PATRICK DUMONT & RAPHAËL KIES

*University of Luxembourg*

### Introduction

The year 2014 was characterised by the European elections and the difficult first steps of the three-party coalition headed by the Liberal Xavier Bettel. Some popular resentment for having excluded the Christian Social People's Party (CSV) from government, the poor election returns for the governing parties at the European elections, critiques regarding its governing methods as well as its first budget cuts, and growing tensions in view of the referendum planned for 2015, all contributed to give the new government a very short honeymoon period. One year after the early election of 2013 an opinion poll indicated that only 36 per cent of voters still trusted the coalition in power – a confidence rate in steep decline from December 2013 when it had been measured 63 per cent for the newly appointed cabinet (Luxemburger Wort 2014).

### Election report

Because of the governmental crisis that led to early national elections in 2013 (see Dumont & Kies 2014), European elections were held separately from national ones for the first time since 1979. This in principle created the possibility of a genuinely 'European' campaign for the May 2014 EP elections, but the decision to exclude the largest and long-lasting governing Christian Social Party (CSV) from government in 2013, the difficult first steps of the inexperienced three-party coalition and its first budgetary decisions somewhat overshadowed the first semester of the year. As a result, the EP election had, in large part, a classic second-order character. The candidacy of former Prime Minister Jean-Claude Juncker for the Presidency of the European Commission also gave this election a clear national stake. Engaged in a European-wide campaign against candidates of the other European parties, he, however, did not compete for an EP seat.

Because of the factors mentioned above, and the fact that as the largest party the CSV is considered as the most competent to represent the interests of Luxembourg at the European level (as evidenced by the party's usually better performances at EP elections than at national ones), the opposition Christian Socials were the clear winners at the European elections. They won over 37 per cent of votes, six percentage points more than in 2009, and for the first time since 1979 were the plurality winner in all municipalities.

Conversely, the Socialist Party (LSAP), which used to be the junior partner of the CSV until 2013, fell to less than 12 per cent – a score that corresponds to half of its average result in the preceding seven direct EP elections, losing about eight percentage points compared

Table 1. Elections to the European Parliament in Luxembourg in 2014

Date of election	25 May 2014	Previous election	7 June 2009
Electorate	264,433	Total seats	6
Total votes cast	226,218	Turnout	85.5%
Valid votes cast	203,772	Share of valid vote	90.1%

  

Party	EP group <sup>a</sup>	N <sup>b</sup>	Votes			Seats		
			%	Δ %	N	%	ΔN	Δ %
Christian Social People's Party/ <i>Chrëschtlech-Sozial Vollekspartei</i> (CSV)	EPP	76,736	37.7%	+6.3%	3	50.0%	0.0%	0.0%
The Greens/ <i>Déi Gréng</i> (DG)	Greens/EFA	30,597	15.0%	-1.8%	1	16.7%	0.0%	0.0%
Democratic Party/ <i>Demokratesch Partei</i> (DP)	ALDE	30,108	14.8%	-3.9%	1	16.7%	0.0%	0.0%
Luxembourg's Socialist Workers' Party/ <i>Lëtzebuurger Sozialistesche Arbechterpartei</i> (LSAP)	S&D	23,895	11.7%	-7.8%	1	16.7%	0.0%	0.0%
Democratic Reform Party/ <i>Alternativ Demokratesch Reformpartei</i> (ADR)	ECR	15,344	7.5%	+0.1%	0	0.0%	0.0%	0.0%
The Left/ <i>Déi Lénk</i> (DL)	GUE/NGL	11,737	5.8%	+2.4%	0	0.0%	0.0%	0.0%
Pirate Party/ <i>Piratepartei</i> (PP)	–	8,611	4.2%	+4.2%	0	0.0%	0.0%	0.0%
Party for Integral Democracy/ <i>Partei fir Integral Demokratie</i> (PID)	–	3,702	1.8%	+1.8%	0	0.0%	0.0%	0.0%
Luxembourg Communist Party/ <i>Kommunistesch Partei Lëtzebuerg</i> (KPL)	–	3,042	1.5%	–	0	0.0%	–	–

Notes: <sup>a</sup>For acronyms, see the introductory chapter 'Political data in 2014'.

<sup>b</sup>Computations of 'adjusted fictitious voters'. See Dumont and Poirier (2006: 1103) for the details of the method of computation.

Source: Tribunal d'arrondissement (2014).

to 2009. With this score, the LSAP ranked only fourth in the hierarchy, behind the Greens and the DP, after having been the second force at EP elections from 1984 to 2009. The lack of strong candidates on the LSAP list and the almost doubling of support for the radical left *Déi Lénk* to 6 per cent were probably the main reasons for the LSAP's losses.

Table 2. Cabinet composition of Bettel-Schneider I in Luxembourg in 2014

Duration of cabinet Period covered by table Type of cabinet	Inception From Minimal Winning Coalition (MWC)	4 December 2013 1 January 2014	Dissolution Until	Still in office at end of 2014 31 December 2014		
A. Party/gender composition on 1 January 2014	Seats in cabinet N                      %		Seats held by women N                      % of party		Seats in parliament N                      %	
Democratic Party (DP)	7	38.9%	2	28.6%	13	21.7%
Luxembourg's Socialist Workers' Party (LSAP)	7	38.9%	2	28.6%	13	21.7%
The Greens (G)	4	22.2%	1	25.0%	6	10.0%
Totals	18	100.0%	5	27.8%	32	53.3%
B. Composition of Bettel-Schneider I cabinet on 1 January 2014						
See previous editions of the <i>Political Data Yearbook</i> for Luxembourg or www.politicaldatayearbook.com						
C. Changes in composition of Bettel-Schneider I cabinet during 2014						
Secretary of State of National Education, of Childhood and Youth, Secretary of State of Higher Education and Research: André Bauler (1971 male, DP) was replaced by Marc Hansen (1971 male, DP) on 28 March						
D. Party/gender composition on 31 December 2014						
There were no changes						

Source: Gouvernement du Grand-Duché de Luxembourg (2014a, 2014b, 2014c).

Despite also losing votes in comparison with 2009, the Green Party scored the second best result with a mere 15 per cent of the votes. Overall, the parties of the new coalition lost no less than 13 percentage points compared with the previous EP election. Despite these changes in party rankings, the distribution of MEPs' seats remained the same: the CSV kept its three seats, while DP, *Déi Gréng* and LSAP managed to each keep their one seat. The other winners were the parties that contested the EP election for the first time (the Pirate Party and the Party for Integral Democracy), while the sovereignist ADR reached 7.5 per cent.

## Cabinet report

In January, the new Secretary of State Francine Closener was criticised for having used an official car to go on winter holiday. Even though this was not strictly illegal, it was amply relayed in the press as problematic as the new governing partners put emphasis on the themes of transparency, exemplarity and probity in their campaign and in the coalition agreement. In July, Minister of Justice Felix Braz presented a draft Grand Ducal Regulation laying down a new code of conduct for government members, their rights and duties during, but also the exercise of their function (see below on the case of former Minister of Finance Frieden).

Table 3. Party and gender composition of parliament (*D'Chamber; Chambre des Députés*) in Luxembourg in 2014

Party	N	1 January 2014		N	%	31 December 2014		N	%
		All	Women			All	Women		
Democratic Party (DP)	13	21.7%	4	30.8%	13	21.7%	4	30.8%	
Luxembourg's Socialist Workers' Party (LSAP)	13	21.7%	4	30.8%	13	21.7%	4	30.8%	
Christian Social People's Party (CSV)	23	38.3%	6	26.1%	23	38.3%	7	30.4%	
The Greens (DG)	6	10.0%	3	50%	6	10.0%	2	33.3%	
Democratic Reform Party (ADR)	3	5.0%	0	0.0%	3	5.0%	0	0.0%	
The Left (DL)	2	3.3%	0	0.0%	2	3.3%	0	0.0%	
Totals	60	100.0%	17	28.3%	60	100.0%	17	28.3%	

Source: Gouvernement du Grand-Duché de Luxembourg (2014c).

In March, the Liberal Secretary of State of National Education, of Childhood and Youth, Secretary of State of Higher Education and Research André Bauler announced his resignation for health reasons. He took back a seat in the Chamber of Deputies and was replaced in the cabinet by Marc Hansen, who had become MP in 2013.

## Parliament report

At the end of June, former Prime Minister Juncker was formally chosen by the European Council as next President of the European Commission. He was replaced as member of the Chamber of Deputies by the secretary-general of the CSV, Laurent Zeimet, while the chair of the parliamentary group moved to former minister Wiseler. In July, former Minister of Finance Luc Frieden also announced that he would resign his parliamentary mandate. For this other Christian Social heavyweight the destination was the private sector, as he was to become vice-chairman of the Deutsche Bank in London. Given his previous policy remit as a cabinet minister, this move was amply commented upon in the press. Former CSV MP Martine Mergen, who had not been re-elected in 2013, took over his seat in November.

## Institutional changes

In January, the standing orders of the Chamber of Deputies were amended to award more weight to political groups (*sensibilités politiques*) with less than five members. Changes were made to speaking time in the plenary session allocation scheme and constraints on individual MPs' right to file motions and resolutions were removed (these no longer need

Table 4. Political party changes in Luxembourg in 2014

Party leadership changes
Christian Social People's Party president Michel Wolter (1962 male, CSV) was replaced by Marc Spautz (1963 male, CSV) at a congress election in February
Luxembourg's Socialist Workers' Party president Alex Bodry (1958 male, LSAP) was replaced by Claude Haagen (1962 male, LSAP) at a congress election in April
Democratic Reform Party president Jean Schoos (1960 male, ADR) was re-elected at a congress election in April

Sources: Respective party websites and the press.

to be endorsed by five MPs). In addition, the *sensibilités politiques* may also now delegate observers to the parliamentary committees where they had no representatives and are authorised to participate to the Conference of Presidents with an advisory capacity.

In March, the Chamber of Deputies inaugurated a new section of its website dedicated to the initiation, signing and discussion of petitions online (Chambre des Députés 2014). The committee for petitions and the Conference of Presidents decide whether the petitions submitted are admissible by checking whether they are of national and general interest and well argued. Petitions declared admissible are then open for an online collection of signatures for a period of six weeks. If the petition gathers more than 4,500 signatures, the petitioner and five more people of his or her choice are invited to a public debate in parliament to which members of relevant parliamentary committee and minister(s) concerned are invited. If the requisite number of signatures is not reached, it is reclassified as an ordinary petition and just addressed to the chairman of the parliament. Given their inclusiveness (all residents at least 15 years-old who are officially registered in the national register, thus both nationals and foreigners residing in Luxembourg and cross-border workers share these rights), public petitions have turned out to be popular instruments to voice concerns. While traditional petitions varied between one and four per year between 2006 and 2013, the number of petitions submitted in 2014 rose dramatically: there were about 150 petitions between March and December, although only four reached the threshold of 4,500 signatures required for public discussion.

In July, the Chamber of Deputies voted in favour of introducing a code of conduct for MPs, largely based on that of the EP, aimed at guiding behaviour and avoiding conflicts of interest (*Mémorial* 2014). It requires MPs to make public their income, financial interests and positions on boards of directors.

Finally, the consultative referendum to be held in the context of the reform of the constitution, announced in the first chapter of the 2013 coalition programme, became an increasingly topical issue during the year. In October, the Conference of the Presidents of the Chamber of Deputies (which consists of parliamentary party groups' presidents and the chairman of the parliament) decided that the referendum would be held on 7 June 2015 and that it would be organised by a bill to be passed by parliament in January. This consultative referendum on specific issues would then be followed in 2017 by a binding referendum on the entire reform of the constitution. The questions concerned the lowering of active voting age to 16 for all elections<sup>1</sup>; the introduction of active voting rights to foreigners for national elections under certain restrictive conditions<sup>2</sup>; the introduction of term limits to ministerial

mandates<sup>3</sup>; and the end of the state's obligation to take charge of wages and pensions of clergy of the recognised religions.<sup>4</sup>

## Issues in national politics

Two budgetary laws were agreed during the year, as the 2014 budget could not be voted upon in 2013. Minister of Finance Pierre Gramegna explained that the 2014 budget (voted upon in April) is a transitional budget because the government had little time to establish it and because it was the last one benefitting from the revenues of the value added tax (VAT) on e-commerce. The main savings concerned a reduction in investments, a decrease in operating expenses of administration, a reduction of scholarships and a decrease in the creation of the jobs in the public service.

More sensitive cuts were taken in the 2015 budget voted on in December 2014, and in a 'future package' (*Paquet d'avenir*) of over 250 measures devised by the government. The most important measures were an increase in VAT from 15 to 17 per cent; the introduction of a temporary income tax of 0.5 per cent (until the tax reform planned for 2017 – this tax was aimed at lowering the financial burden of childcare for couples with children); the abolition of educational and maternity benefits; the introduction of more attractive and flexible parental leaves; the cancellation of some advantages of retiring civil servants; and a ceiling set at 3.5 times the minimum wage for the temporary re-employment assistance scheme. Finally, it established for the first time an intergenerational sovereign fund.

A TNS-Ilres opinion poll conducted in October showed that 71 per cent of respondents were opposed to the new envisaged income tax of 0.5 per cent (L'Essentiel 2014). Earlier saving measures, concerning the reduction of state subsidies for higher education, were the object of more visible discontent. On 25 April, more than 10,000 young people protested against this decision, but the bill was nevertheless adopted in July. As well as its policies, the government also faced criticism regarding how it handled its communications and the post-CSV heritage. It became known, for instance, that several high civil servants were dismissed or transferred to others services because of their attachment to the CSV and/or the vagueness of their actual role. The cancellation of the First World War commemorations planned for July 2015 for budgetary reasons was also considered a clumsy move.

The new 'progressive' government carried on reforms on societal and ethical issues. Some were eventually endorsed by a wide majority in the Chamber, such as the law on gay marriage and adoption voted on in June (only the three ADR MPs and one CSV MP voted against). In December, legislation decriminalising and simplifying abortion was passed with 38 votes in favour, including the governmental parties, plus four MPs from the CSV and two from the radical left.

More problematic was the envisaged replacement of religious teaching (essentially the Christian curriculum) by a unique course on values (that would also include the teaching of the different religions) at the start of the 2016/2017 school year. This decision raised major protests in the country as a significant part of the population defended the *status quo* – namely to keep the option open to follow (or not) religious courses. The initiative '*Fir de Choix*' ('For the Choice') gathered more than 25,000 signatures for a petition that was handed in to the chairman of the parliament in September. Additionally, in November, the

different religious organisations recognised by the state signed a memorandum for the joint development of a unique course that would teach the different religions.

In November, parliament passed a bill on the exchange of information for tax purposes that put an end to the banking secrecy in Luxembourg for non-residents. Public debates at the end of the year were largely dominated by another issue related to the Grand Duchy's tax regime attractiveness: the so-called 'LuxLeaks' affair. LuxLeaks is the name of a financial scandal revealed by a journalistic investigation conducted by the International Consortium of Investigative Journalists. It is based on confidential information about Luxembourg's tax rulings set up by accountancy firm PricewaterhouseCoopers from 2002 to 2010 to the benefit of its clients. This investigation resulted in rendering public tax rulings for over 300 multinational companies in Luxembourg in November 2014. However, there have been no allegations that the deals were illegal under Luxembourg law. At the centre of the 'LuxLeaks' controversy was Jean-Claude Juncker, who had just become President of the European Commission but was Luxembourg's Prime Minister when the country's tax-avoidance rules were enacted.

Before the release of this journalistic investigation, Luxembourg had refused to fully comply with a request from the European Commission to release information regarding its tax ruling practices, only providing a limited sample of them. The European Commission had initiated infringement proceedings against Luxembourg by issuing letters of formal notice in June. When the European Commission decided in December to enlarge its enquiry into the tax ruling practices under EU state aid rules to cover all Member States, Prime Minister Bettel declared that his country would fully cooperate with the EU's executive by providing all the information requested, showing thereby the willingness of the Grand Duchy to solve this issue at the European level (European Commission 2014).

## Notes

1. The provisional question adopted was: 'Do you approve of the idea that Luxembourg people aged between sixteen and eighteen should have the right to optionally register on electoral lists in order to participate as voters in the elections to the Chamber of Deputies, the European elections, municipal elections and referendums?'
2. 'Do you approve of the idea that residents without Luxembourg nationality should have the right to optionally register on electoral lists in order to participate as voters in the elections to the Chamber of Deputies, on the double condition that they have resided at least ten years in Luxembourg that they have previously participated in European or municipal elections in Luxembourg?'
3. 'Do you approve of the idea of limiting to ten years the maximum period during which someone can continuously be part of the government (cabinet)?'
4. 'Do you approve of the idea that the State should no longer have the obligation to take charge of wages and pensions of ministers of the recognised religions?'

## Sources and further information

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